



Check

File

1967
**ANNUAL
REPORT**

**N O R T H E R N
T R A N S P O R T A T I O N**

Company Limited

Northern Transportation Company Limited

HEAD OFFICE: Suite 800, 151 Slater St., Ottawa 4, Canada
OPERATIONS OFFICE: 10040 - 105th Street, Edmonton, Alta.

DIRECTORS

W. J. Bennett

A. B. Caywood

W. M. Gilchrist

W. B. Hunter

H. E. Lake

P. L. P. Macdonnell

OFFICERS

President: W. M. Gilchrist

Vice-President: H. E. Lake

General Manager: W. B. Hunter

Secretary: R. C. Powell

Treasurer: J. C. Orr

Flagship of the Northern Transportation Company fleet, the motor vessel "Frank Broderick" plies Arctic waters out of her home base at Tuktoyaktuk. Her cargo space is being enlarged for the 1969 season.

The Honourable Arthur Laing,
Minister of Indian Affairs and Northern Development,
Ottawa, Canada.

Sir:

On behalf of the Board of Directors, and in accordance with Section 85(3) of The Financial Administration Act, I have the honour to submit the Annual Report of Northern Transportation Company Limited for the year ended December 31, 1967.

Total revenue for the year amounted to \$4,100,836, up slightly from 1966. Net profit of \$59,438 after provision for income tax was again below that of the previous year. The slight increase in revenue was due to the fact that the average distance each ton of freight moved was somewhat greater than that for 1966. Total freight tonnage at 166,214 was about 2.8 per cent below that for 1966.

Operating costs were approximately the same as those of the previous year with the exception of the charge for depreciation, which increased substantially because of the heavy capital expenditures of the past several years. Capital outlays for the year of \$571,000 were much smaller than those of 1966 and were largely concerned with the completion of programmes that had been underway for some time. The programme for the upgrading of shore installations and equipment, started in 1965, is now largely completed. Capital expenditures for the coming year will be directed towards improvement of the marine equipment.

It is of some satisfaction to your Company that it has been able to maintain rates at a constant level during the past ten years and, in the case of fuel oil and the goods destined to the Arctic coast and islands, to actually reduce them.

Although there was no oil exploration in the past year within the area with which the Company is concerned, and in spite of comple-

President's Letter

tion of the all-weather road to Fort Smith in October, 1966, which had a major impact, the movement of such basic freight as fuel oil, bulk building materials, etc., continues its slow but steady growth, which indicates that while development recently has not been spectacular, it is continuing. Moreover, there is good reason to believe that mineral development in the lower part of the Mackenzie Basin, along the coast, and on the Arctic islands, is due to increase rather sharply. However, the current estimate of tonnage for 1968 is about the same as the total moved in 1967, but this could move rather sharply upward.

The coming increase in mineral activity in the Arctic will make ever more vital the part played in the development of the area by Northern Transportation Company, but the wide year-to-year fluctuations usual in the preliminary stages of such development will from time to time place a considerable strain on the resources of the Company. Nevertheless, it is hoped that it will be possible to sustain the standard of service provided in the past with rates at, or very close to, those now in effect. However, increases contained in the recent wage agreements, and the higher prices for parts, fuel, etc., may make it impossible to maintain the present rate structure indefinitely.

Once again your Board records its warm appreciation of the continuing loyalty and efforts of the Company's employees.

For the Directors,

W. M. Gilchrist

President

Ottawa, Canada

February 27, 1968

General Report

The following is a report on the operations of Northern Transportation Company Limited for the year ended December 31, 1967.

Freight carried amounted to 166,214 tons, a reduction of 2.8% from the previous year's 171,065 tons. However, the percentage of traffic to the more northerly areas increased over 1966, and this has resulted in slightly higher freight earnings of \$4,073,000. Largely because of heavier depreciation charges, resulting from recent major capital expenditures, operating costs were up by \$156,000 to \$4,002,000, compared with \$3,846,000 in 1966. Net income from operations was \$71,052, compared with \$137,758 in the previous year; adding investment and sundry income of \$27,917, the net income for the year, before income tax, amounted to \$98,969, with an after-tax profit of \$59,438 compared with \$106,220 in 1966.

Water levels on the MacKenzie River remained good all season, but low water was encountered on the Athabasca River in late August and extended through to the end of the season. This was due to an abnormally dry summer in the watershed, and resulted in cut-back of drafts to such an extent that the season was completed some ten days later than in the previous year.

On Great Bear Lake, the operation was busier than in recent years, with an increase in volume of freight for fishing camps on the lake. In addition, a heavier tonnage of fuel oil was required by the silver mine operating in the area, partially offset by a lower tonnage of concentrate coming from this mine.

The season was a difficult one in the Arctic, but all freight was delivered. Abnormally bad ice conditions delayed the start of operations

and hampered the activity all during the short navigation season. One of the Company's vessels, the M/S "Banksland", was caught in ice but eventually freed herself and made her way to port for repairs, after which she continued and successfully completed her scheduled trip. The assistance of icebreaker support by both the Department of Transport and the United States Coast Guard was necessary at times throughout the season. Completion of operations was about two weeks later than in normal years.

Capital expenditures during 1967 amounted to \$571,000. The major part of this outlay was related to the continued improvement of living accommodations for employees at the Company's agencies, expanded warehouse facilities, and completion of the new wharf, pier and ramps at Tuktoyaktuk, to which reference was made in last year's Annual Report.

Major capital expenditures of \$1,025,000 are planned for 1968. The program of replacement of out-dated agency buildings and enlargement of the Hay River agency facilities, will be continued at a cost of some \$400,000; shore-handling equipment will be purchased at a cost of \$109,000; and \$435,000 will be spent to replace engines in, and to enlarge the capacity of certain marine equipment. Included in the latter item is provision for the addition of a cargo section to the M/V "Frank Broderick", to increase the capacity of this Arctic vessel by 60%. As in past years, these expenditures will be financed out of funds generated internally.

At the peak of the 1967 season, the work force numbered 490 of whom 125 were residents of the area served by the Company. Wages and salaries, including the Arctic operation, totalled \$2,032,130 and Company contributions to the Pension and Welfare plans amounted to \$93,392.

NORTHERN TRANSPORTATION COMPANY LIMITED

and subsidiary companies

Consolidated Statement of Income and Expense

for the year ended December 31, 1967

(with comparative figures for the year ended December 31, 1966)

Income:	1967	1966
Freight earnings	\$ 4,072,919	\$ 3,983,918
Expense:		
Operation and maintenance:		
Salaries and wages	1,494,566	1,517,776
Depreciation	872,376	727,126
Repairs and maintenance	584,061	637,325
Fuels and lubricants	245,492	265,783
Messing	112,733	125,537
Insurance	46,062	57,354
Transportation of employees	43,542	28,166
Pallets	40,452	14,929
Grants in lieu of municipal taxes	33,297	25,947
Truck and tractor maintenance	23,228	26,155
Wharfage, demurrage and railway spur	23,030	24,318
Miscellaneous	77,732	25,800
	<u>3,596,571</u>	<u>3,476,216</u>
Administration:		
Executive officers' salaries	48,331	49,198
Other salaries	102,559	95,391
Employee benefits	93,392	93,261
Head Office	42,000	42,000
Advertising and public relations	21,521	16,179
Business tax	16,130	15,819
Provision for doubtful accounts	15,536	2,211
Telephone and telegraph	12,855	13,551
Stationery and office supplies	11,671	10,542
Depreciation	11,403	12,493
Travel	9,471	3,985
Miscellaneous	20,427	15,314
	<u>405,296</u>	<u>369,944</u>
	<u>4,001,867</u>	<u>3,846,160</u>
Net income from operations	71,052	137,758
Interest on investments	26,278	52,861
Profit on disposal of capital assets	1,639	1,521
	<u>98,969</u>	<u>192,140</u>
Provision for income tax (Note 3)	39,531	85,920
Net income	<u>\$ 59,438</u>	<u>\$ 106,220</u>

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Surplus

for the year ended December 31, 1967

(with comparative figures for the year ended December 31, 1966)

	1967	1966
Balance at beginning of year	\$ 6,851,370	\$ 5,995,150
Transfer from Reserve for Insurance	—	750,000
Net income for the year	59,438	106,220
Balance at end of year	<u>\$ 6,910,808</u>	<u>\$ 6,851,370</u>

The accompanying notes are an integral part of the financial statements.

NORTHERN TRANSPORTA

and subsidiary
(Incorporated under the laws of the State of New York)

Consolidated
Balance Sheet
at December 31, 1967
(with comparative figures for 1966)

ASSETS

	1967	1966
Current Assets:		
Cash	\$ 165,982	\$ 131,134
Short-term bank deposits	600,000	250,000
Accounts receivable	561,022	549,479
Operating and general supplies, at cost	495,608	532,865
Prepaid expenses	9,454	33,183
	<u>1,832,066</u>	<u>1,496,661</u>
Short-term Deposits held for		
Insurance Investment Fund	500,000	500,000
Capital Assets, at cost: (Note 2)		
Land	105,361	105,361
Buildings, including equipment	5,443,278	5,002,850
Boats and barges, including equipment	14,652,530	14,628,451
Automotive equipment	1,474,957	1,392,102
Other	139,199	131,579
	<u>21,815,325</u>	<u>21,260,343</u>
Less: Accumulated depreciation	15,945,962	15,024,394
	<u>5,869,363</u>	<u>6,235,949</u>
	<u>\$ 8,201,429</u>	<u>\$ 8,232,610</u>

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board

W. M. GILCHRIST, Director

H. E. LAKE, Director

TION COMPANY LIMITED

y companies

Canada Corporations Act)

Balance Sheet

er 31, 1967

s at December 31, 1966)

LIABILITIES

	1967	1966
Current Liabilities:		
Accounts payable	\$ 291,840	\$ 391,990
Income tax payable	21,240	—
	<u>313,080</u>	<u>391,990</u>
 Deferred Income Tax (Note 3)	 <u>325,541</u>	 <u>337,250</u>
 Capital:		
Capital Stock:		
Authorized — 50,000 shares of no par value		
Issued — 1,520 shares, fully paid	152,000	152,000
Reserve for insurance	500,000	500,000
Surplus	6,910,808	6,851,370
	<u>7,562,808</u>	<u>7,503,370</u>
	<u>\$ 8,201,429</u>	<u>\$ 8,232,610</u>

I have examined the above Consolidated Balance Sheet and the related Consolidated Statement of Income and Expense and have reported thereon under date of February 27, 1968 to the Minister of Indian Affairs and Northern Development.

A. M. HENDERSON,
Auditor General of Canada.

NORTHERN TRANSPORTATION COMPANY LIMITED
and subsidiary companies

Notes to Financial Statements

1. Subsidiary Companies

The wholly-owned subsidiary companies, Arctic Shipping Limited, Decury Supply Limited and Yellowknife Transportation Company Limited have ceased to operate. Their assets have been taken over and their liabilities assumed by Northern Transportation Company Limited.

2. Capital Assets

At December 31, 1964 the boats and barges of the wholly-owned subsidiaries, having a net book value of \$939,090, were appraised by Boyd, Phillips & Company Limited, surveyors and appraisers, Vancouver, B.C., at \$3,486,800. Since the purchase price of the capital stock exceeded the aggregate net assets of the subsidiaries by \$937,118 at date of acquisition, the book value of the boats and barges has been increased by this amount.

3. Deferred Income Tax

The Company records depreciation based on the expected useful life of its capital assets but claims the maximum capital cost allowance permitted under the Income Tax Act in calculating its taxable income. The Deferred Income Tax account is credited with the income tax payable on the excess of capital cost allowance over depreciation and is charged when the converse prevails. In 1967 the account was charged with \$11,709.

4. Remuneration of Directors

Total remuneration of directors as directors, officers or employees of the Company for the year was \$31,225.

5. Contingent Liabilities

Claims of undetermined amount have been received by the Company from Company employees for salvage services in respect of a Company motor vessel and a barge released from the Arctic Ocean ice by another Company-operated vessel. The Company does not admit any liability.

AUDITOR GENERAL OF CANADA

Ottawa, February 27, 1968.

The Honourable Arthur Laing,
Minister of Indian Affairs and
Northern Development,
Ottawa.

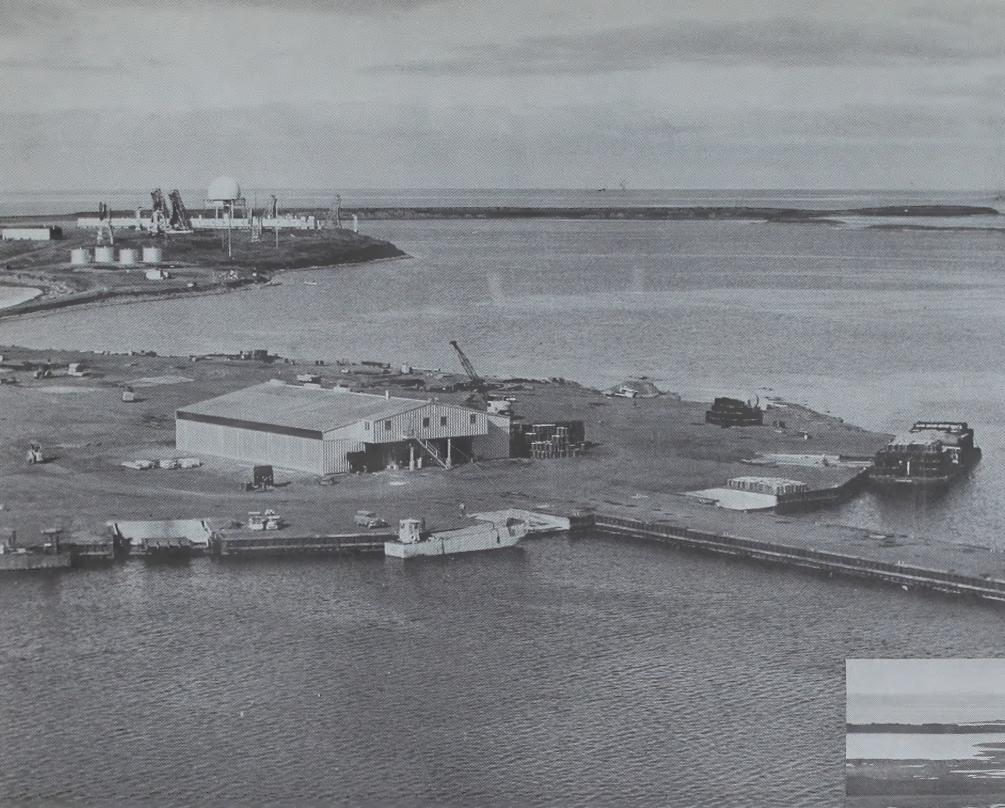
Sir,

I have examined the accounts and financial statements of Northern Transportation Company Limited and its subsidiary companies for the year ended December 31, 1967. In compliance with the requirements of section 87 of the Financial Administration Act, I report that, in my opinion:

- (a) proper books of account have been kept by the Company and its subsidiaries;
- (b) the financial statements of the Company and its subsidiaries
 - (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - (ii) in the case of the balance sheet, give a true and fair view of the state of the affairs of the Company and its subsidiaries as at the end of the financial year, and
 - (iii) in the case of the statement of income and expense, give a true and fair view of the income and expense of the Company and its subsidiaries for the financial year; and
- (c) the transactions of the Company and its subsidiaries that have come under my notice have been within the powers of the Company and its subsidiaries under the Financial Administration Act and any other Act applicable to the Company and its subsidiaries.

Yours faithfully,

A. M. HENDERSON,
Auditor General of Canada.

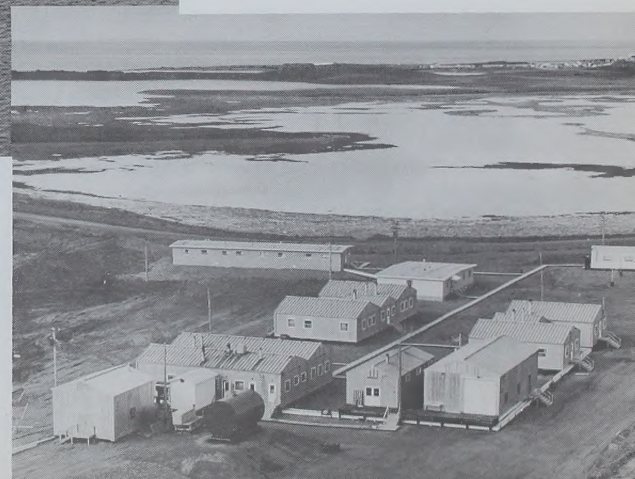


New Arctic Base

Northern Transportation
Company Limited

at Tuktoyaktuk, N.W.T.

A programme of improvement of wharf facilities and working areas at Northern Transportation Company's Arctic base at Tuktoyaktuk was completed in 1967. It included a new warehouse, power house, and more adequate accommodation for personnel. The aerial photographs show the waterfront area, and the main cluster of buildings at the base.



The History of Northern Transportation Company Limited

Transportation by water always has been a key factor in the development of the Canadian Far North. For many years canoes, rafts and batteaux served the needs of the native populations, the explorers, the traders, trappers and prospectors, who plied the lakes and rivers of the Northwest Territories. The kayaks of the Eskimo were the only craft on the Western Arctic.

In 1931 two Edmonton businessmen, C. Becker and C. Murdoff, began to provide service as a common carrier on the Mackenzie River between Waterways, Alberta, and Aklavik, N.W.T. Their enterprise bore the name Northern Waterways Limited and made a modest beginning with one wooden vessel and two barges. In 1933 the service was extended into Bear River and Great Bear Lake to meet the needs of the Eldorado Mine at Port Radium.

The company changed hands in 1934 and the name was altered to Northern Transportation Company Limited. Eldorado Gold Mines Limited acquired the company in 1936, primarily to assure continuing and adequate service to its mine, but operation as a common carrier was maintained and the fleet was enlarged and modernized. Northern Transportation Company Limited became a Crown corporation after its parent, Eldorado Mining and Refining Limited, was expropriated by the Government of Canada.

Initiation of the Canol Project in 1941, and re-opening of the Port Radium mine in 1942, brought all Northern Transportation Company equipment into service for the duration of World War II. When the Canol Project was abandoned in 1944, the Company contracted to bring out 25,000 tons of equipment and materials. When this major task was complete, the Company carried on as a carrier of a growing volume of commercial freight.

In 1946 all transportation on the Mackenzie system was brought under regulations of the Board of Transport Commissioners. When Hudson's Bay Transport discontinued operation as a common carrier in 1947, Northern Transportation Company added vessels to handle the additional freight.

The Company extended its operations into the Western Arctic for the first time in 1949, when it was requested by the R.C.A.F. to operate the supply ship "Snowbird" between Tuktoyaktuk and Cambridge Bay. Subsequently, the "Radium Dew" and three steel barges were built for delivery of construction materials and equipment for six DEW Line installations in the Mackenzie Delta, beginning in 1955. Three years later the Company began re-supply of 25 DEW Line sites along the Arctic Coast, operating LST's and tankers made available under a loan agreement between the United States and Canadian governments.

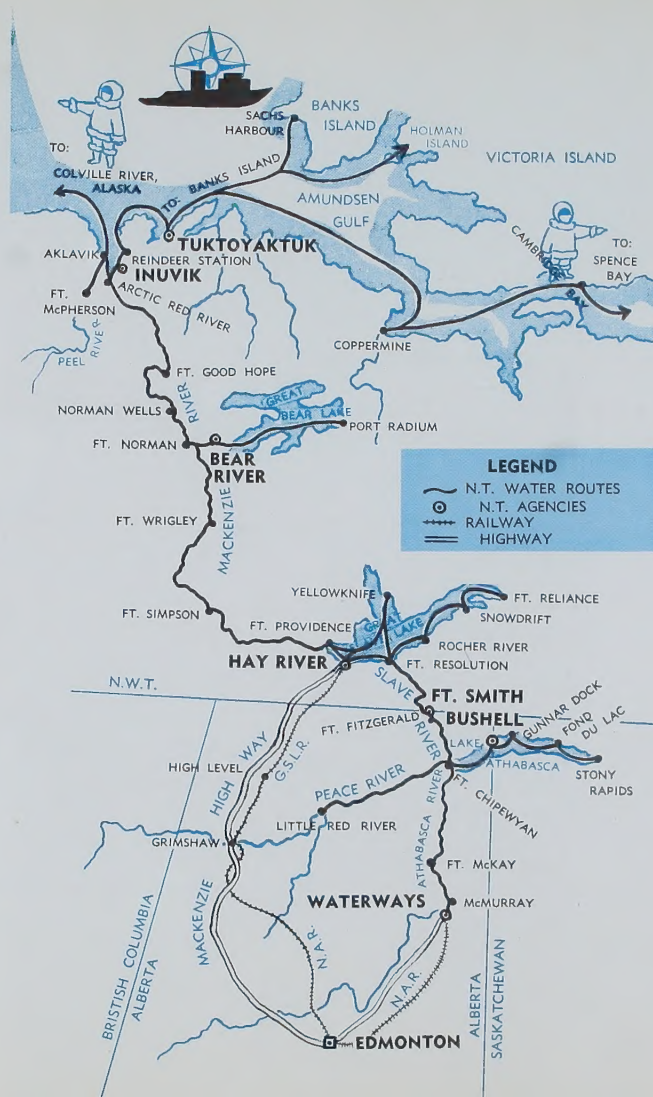
When uranium mines around Lake Athabasca were coming into the development and production stage in 1956, Northern Transportation Company built three new vessels and 27 steel barges to take care of the heavy increase in freight. Some of this equipment went into mothballs in 1960, when five mines in the Beaverlodge area, as well as the Port Radium mine, ceased operations.

In 1963, at the request of the Hudson's Bay Company, Northern Transportation Company took over the Arctic freight service provided by that organization, and acquired the motor vessel "Banksland." The following year a shipyard at Esquimalt, B.C., began construction of the motor vessel "Frank Broderick," which began plying out of her home base, Tuktoyaktuk, in July, 1965.

Early in 1965 the Company acquired Yellowknife Transportation Company Limited, Arctic Shipping Limited, and Decury Supply Limited, which had carried on somewhat parallel shipping services which are now integrated with those of Northern Transportation Company. The fleet now comprises 23 tugs, all equipped with two-way radio, radar, and echo-sounders; 111 all-steel barges of various sizes and types, including some refrigerated units; and the two vessels in the Arctic. The shipping season on the Mackenzie system normally runs from May to October, but Arctic operations usually are limited to August and September.

NORTHERN Transportation Company Limited

*Symbol of Service
in the Canadian North*



The Mackenzie Route to the Western Arctic

*A 4,000-mile System
Embracing
the Mackenzie Basin,
and the Western Arctic
from Boothia Peninsula
to the Colville River*

